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THE Poultry and Egg SITUATION

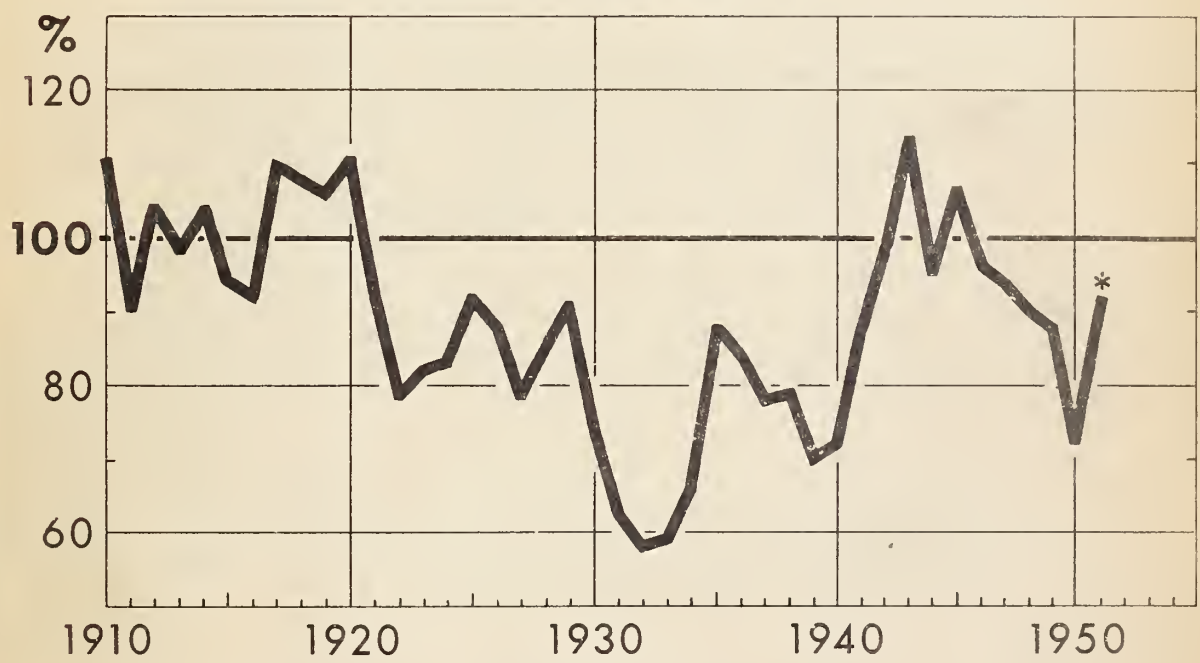
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

PES- 156

BAE

NOV.-DEC. 1951

EGG PRICES AS A PERCENTAGE OF PARITY



* AVERAGE, 11 MONTHS

U. S. DEPARTMENT OF AGRICULTURE

NEG. 48296-XX BUREAU OF AGRICULTURAL ECONOMICS

Egg prices have averaged at or above parity in only 2 of the last 20 years. On account of greater efficiency in egg production, farmers have been producing increasing quantities of eggs in response to prices which have generally been significantly below parity levels.

In recognition of this, and similar situations for some other commodities, the Agricultural Act of 1948

changed the bases for parity computations, gradually bringing parity levels in line with the history of the 10 most recent years.

For eggs, the effect of this is to lower parity prices compared with what they otherwise would be. Since 1950, when these adjustments in parity began, the result has been to raise average farm prices for eggs as percentages of parity.

The poultry and egg situation at a glance

Item	Unit	Month or date	Average 1940-49	1950	1951	Month or date	Average 1940-49	1950	1951	Comments on current situation
Eggs										
Farm production	Mil. doz.	Oct.	258.3	339.5	353.3	Nov.	244.4	331.4	351.2	Record high output for the month
Average number of layers on farms	Millions	Oct.	342.1	364.1	366.6	Nov.	372.7	387.4	392.8	
Rate of lay per hen	Eggs	Oct.	9.0	11.2	11.2	Nov.	7.8	10.3	10.7	
Apparent civilian per capita disappearance	Eggs	Sept.	27.8	30.1	30.0	Oct.	28.1	31.9	31.5	
Frozen egg production	Mil. lb.	Sept.	5.9	8.4	6.4	Oct.	3.1	4.5	3.2	
Dried egg production	Mil. lb.	Sept.	---	3.7	0.5	Oct.	---	2.0	0.4	
Price received by farmers	Ct. per doz.	Oct.	43.2	43.2	55.6	Nov.	44.5	45.8	56.5	Now declining from season peak
Price received by farmers as a percentage of parity	Percent	Oct.	92	70	89	Nov.	88	74	91	
Retail price (BAE)	Ct. per doz.	Sept.	55.4	58.8	75.9	Oct.	59.3	65.3		
Egg-feed price ratio	Lb. feed	Oct.	14.7	12.0	13.8	Nov.	15.4	12.6	13.7	
Stocks:										
Shell	Thous. cases	Oct. 1	4,471	1,558	958	Nov. 1	2,727	502	513	
Frozen	Mil. lb.	Oct. 1	213.3	133.0	151.3	Nov. 1	177.4	104.4	119.9	
Dried	Mil. lb.	Oct. 1	---	111.5	25.2	Nov. 1	---	108.6	22.2	Government stocks reduced from year earlier.
Chicks hatched by commercial hatcheries	Millions	Sept.	36.3	72.9	74.1	Oct.	38.5	74.5	79.4	At this season, mostly for broilers
Pullets not yet of laying age on farms	Millions	Nov. 1	142.0	96.6	106.4	Dec. 1	84.2	51.5	57.6	
Farm price of poultry ration	Dol. per cwt.	Oct.	3.01	3.60	4.04	Nov.	2.98	3.63	4.12	Highest since 1947-48
Poultry										
Price received by farmers for chickens, live	Ct. per lb.	Oct.	23.6	22.7	24.2	Nov.	22.5	22.6	23.2	Lowest this year
Price received by farmers as a percentage of parity	Percent	Oct.	113	76	77	Nov.	88	75	74	
Retail price of chickens, dressed (BAE)	Ct. per lb.	Sept.	43.8	56.3	55.0	Oct.	46.2	52.2		
Price received by farmers for turkeys, live	Ct. per lb.	Oct.	30.3	31.8	35.8	Nov.	31.5	32.6	37.9	Further rise occurred in early December
Stocks:										
Poultry, excluding turkeys	Mil. lb.	Oct. 1	114.0	97.6	124.6	Nov. 1	154.0	141.1	175.4	
Turkeys	Mil. lb.	Oct. 1	22.6	42.7	41.6	Nov. 1	39.1	76.9	83.4	
Chicken-feed price ratio	Lb. feed	Oct.	8.0	6.3	6.0	Nov.	7.8	6.2	5.6	
Turkey-feed price ratio	Lb. feed	Oct.	10.2	8.8	8.9	Nov.	10.7	9.0	9.2	
Average weekly receipts of poultry at Central Western Primary Markets, per plant	Thous. lb.	Oct.	38.1	44.1	58.2	Nov.	31.1	32.4	36.7	
Average weekly placement of chicks in 7 broiler areas	Millions	Oct.	---	6.8	7.4	Nov.	---	6.8	8.0	

THE POULTRY AND EGG SITUATION

APPROVED BY THE OUTLOOK AND SITUATION BOARD, DEC. 11, 1951

SUMMARY

Egg prices began to decline seasonally in late November, after having been unusually steady in September, October, and most of November.

Egg production reached its seasonal low in September, and has increased since then. The seasonal high is expected about April. During the period of lowest production, the quantity of stored shell eggs available for consumption was from a relatively small total storage supply.

On December 1, the United States flock included 3 percent more potential layers than a year earlier, and on the same date the rate of lay was up 6 percent from a year earlier. This indicates that egg production in the year 1951 is likely to be a record, exceeding 1950 by a small margin if output in the month of December is as large as expected.

Storage holdings of total poultry are higher than at this season last year. The large turkey stocks are a reflection of this year's large turkey crop. Thanksgiving marketings of large turkeys from this crop generally sold at higher prices than last year while prices for turkeys of the smaller breeds were about the same.

Egg Prices Decline Seasonally

Through September, October, and most of November, 1951 egg prices were fairly steady, but in the last few days of November they fell sharply and in early December it was apparent that the usual seasonal price decline had begun.

In mid-November, the U. S. average price received by farmers for eggs was 56.5 cents per dozen. This was only slightly higher than the 55.6 cents of mid-October, and the 55.0 cent price for mid-September. This evenness contrasts with last year when the monthly prices from September to November were 40.4, 43.2, and 45.8 cents while December was 57.7 cents, as an aftermath of late November storms.

Daily wholesale prices have, of course fluctuated to a greater degree than the monthly farm prices. Nevertheless, their movement until Thanksgiving was quite even in comparison with past years. By early December, however, most wholesale egg prices (table 1) were considerably lower than at any time since mid-summer.

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 . The next issue of The Poultry and Egg Situation :
 . to be released in February, 1952, will list the parity :
 . bases to be effective in 1952 for computing the parity :
 . prices of eggs, chickens, and turkeys. The report will :
 . outline the reasons for the annual changes which are :
 . specified in the Agricultural Act of 1948. :

Table 1.- Eggs: Farm prices and selected wholesale and retail prices per dozen, selected dates, August 1951 to date

Date	Farm prices			Wholesale prices					Retail prices		
	Country points			New York 3/					Chicago 3/		
	U. S.	in Iowa 2/		Large,	Extras,	Large,	white,	Consumer	Los Angeles	U. S.	New York
	average			whites,		large,	mixed	Grade A,		average	City, in
	1/	Current	Top	10% AA		colors		Grade A,		(BAE)	chain stores
	receipts	quality						large			white Grade A
											large or 1/
											extra large 5/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Aug. 7	(49.7)	36-37	47	70-73	59-61	56-57	60	(71.9)	84		
21	(49.7)	37-40	49-50	65-69	60-63	58-61	62	(71.9)	87		
Sept. 4	(55.0)	44-45	54-55	70-73	65-68	65-66	70	(75.9)	89		
18	(55.0)	44-46	55-56	62-73	67-69	61-63	71	(75.9)	95		
Oct. 2	(55.6)	42-43	50-53	68-70	63-66	65-67	66-67		88		
16	(55.6)	42-45	56-58	75-78	71-73 1/2	68-69	68-69		95		
30	()	40-42	53-55	69-71	65-67	68-70	67-69		90		
Nov. 13	(56.5)	42-45	54-56	73-71	70-72	72-73	70-71		92		
27	(56.5)	46-48	55-57	65-67	64-66	64-66	72		82		
Dec. 11		38-40	63-64	63-65	55-56	51-53	58-60		75		

- 1/ At middle of indicated month.
- 2/ "Mostly", not complete range of prices.
- 3/ Dairy and Poultry Market News Service.
- 4/ As quoted by Urner-Barry Company.
- 5/ Average for week beginning on indicated day.

United States egg production is now not only increasing seasonally, but is above 1950. Monthly output will continue to rise until about April, the month of peak production, and is likely to continue above last year's levels at least until mid-year. On December 1, egg production was $7\frac{1}{2}$ percent greater than on the same date last year. An increase of about 4 percent is likely to be maintained through the spring of 1952.

It seems that there will have to be an increase in the quantity of eggs stored in the spring of 1952, or an increase in per capita consumption, if the production is to clear the market. This indicates that prices next spring may be lower than in the spring of 1951. Assuming military requirements unchanged from the year before, and a civilian disappearance of eggs up $1\frac{1}{2}$ percent, the same as population, then there would still be almost $2\frac{1}{2}$ million cases more than in the spring of 1951 to be disposed of by additional storage, or heavier rate of per capita consumption or a combination of the two.

An increase in egg storage in the spring of 1952, would put holdings more nearly in line with recent years. Increased storage of frozen eggs would be an extension of the long-time trend toward greater storage of that product, while there could be a doubling of last year's peak of shell egg storage before the quantity would equal the average peak of the previous 5 years. For the increased storage to absorb an extra million cases over 1951, the peak storage holdings in 1952 (shell and frozen combined) would have to be 14 percent higher than in 1951. Whether or not such an increase in storage will be profitable is not yet clear.

High Rate of Lay, More Potential Layers, When 1952 Begins

On December 1, 3 percent more potential layers were on farms than a year earlier. Percentagewise and absolutely, the increase was greatest in the Northeastern States. The North Central States also showed significant increases. (Table 2).

More layers, combined with indications of a continued high rate of lay (the November figure was the 12th consecutive monthly record), suggest that egg production in the first few months of 1952 will be considerably larger than in the corresponding months of 1951.

Table 2.- Potential layers on farms, by regions, December 1, 1950 and 1951

Year	Unit	Region						United States
		North Atlantic	East North Central	West North Central	South Atlantic	South Central	Western	
1950	: Million : : birds :	73.2	86.1	126.5	40.1	78.2	42.0	446.8
1951	: Do. :	78.0	88.5	129.5	41.5	78.2	43.0	458.7
Percentage change	: Percent :	6.6	2.7	2.4	1.8	0	2.3	2.7

Meanwhile, on the basis of data for 11 months plus indications for December, it seems that total egg production in 1951 will be a new record, exceeding 1950 by a slight margin. Egg production to the end of November, 1951, was the same as in the first 11 months of 1950. But in view of the higher rate of lay and increased number of layers reported for December 1, production in the last month is likely to be significantly above a year earlier, and to result in a new annual record. (See table 3.)

Table 3.- Monthly egg production and related factors, January 1950 to date

Month	1950				1951			
	Average	Eggs	Egg production on		Average	Eggs	Egg production on	
	number	per	farms		number	per	farms	
	of	layer	Monthly	Cumulative	of	layer	Monthly	Cumulative
	layers	layer	total	total	layers	layer	total	total
	Millions	Number	dozen	dozen	Millions	Number	dozen	dozen
Jan.	405	12.8	431.2	431.2	395	12.7	418.4	418.4
Feb.	396	13.3	437.1	868.3	387	13.5	433.6	852.0
Mar.	383	16.9	538.5	1,406.8	373	17.0	528.3	1,380.3
April	364	17.7	535.7	1,942.5	355	17.8	526.5	1,906.8
May	343	18.1	516.8	2,459.3	336	18.1	513.0	2,419.8
June	323	16.2	435.3	2,894.6	319	16.5	439.2	2,859.0
July	309	15.2	390.6	3,285.2	305	15.5	392.6	3,251.6
Aug.	307	13.9	356.2	3,641.4	302	14.0	352.6	3,604.2
Sept.	330	12.0	328.9	3,970.3	328	12.2	333.9	3,938.1
Oct.	364	11.2	339.5	4,309.8	367	11.6	353.3	4,291.4
Nov.	387	10.3	331.4	4,641.2	393	10.7	351.3	4,642.7
Dec.	397	11.0	362.6	5,003.8				
Total		168.6	5,003.8			171.		

1/ Partly forecast.

Most Thanksgiving Turkeys

Brought Higher Prices Than Last Year

At farm and wholesale levels, most turkeys offered for the Thanksgiving market sold at prices above a year ago. Price trends since Thanksgiving have been upward.

The 55 percent increase in the production of Beltsville Small White turkeys kept prices for these birds from increasing over last year. Marketings of other turkeys have been readily absorbed at prices higher than in 1950, even though output in 1951 was 10 percent higher than in 1950.

This year, the premium for hen turkeys of the larger breeds, as compared with toms, is smaller than a year ago. A factor in this changed spread is the competition from the smaller breeds, whose size makes them a close substitute for broad-breasted hens but not for toms.

Table 4.- Turkeys: Price per pound (live) received by farmers, selected series, fall, 1950 and 1951

Area and description	1950				1951				
	Oct. 16	Nov. 1	Nov. 15	Dec. 1	Oct. 15	Nov. 1	Nov. 15	Nov. 30	Dec. 11
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
U. S. average (mid-month farm price).....	31.8	32.6	34.3	35.8	37.9				
Shenandoah Valley, Va. and W. Va.									
Beltsville, Small Whites, hens	40-41	42	42-44	45	44-45	1/42	2/42	43	3/43-44
Beltsville, Small Whites, toms	36-37	37	35-38	38	37-39	1/38½	2/36	39	3/38
Hens, heavy type	36	38-40	39-41	40	42-43	40	40	40-41	42
Toms, heavy type	26-27	28½-29	28-30	29-30	31-33	34-35	33-34	34-35	35-36
Beltsville fryers	40		44		42½-45	40½-41	43	41-44	43
San Joaquin Valley, Calif.:									
Hens, heavy type	33	33	33-33½	33-34	36-38	36-36½	38½-39	40-41	43-45
Toms, heavy type	23	23	23-23½	22-24	26-27	31-32	31½-32	33	36-37
Iowa 4/:									
Hens, heavy type 5/.....	34	35-36	36-37	37-37½	39-41	38	39-40	41-42	43-44
Toms, heavy type 5/.....	24	25-25½	26	26½-27½	28-31	33-33½	33-34	32-33	35-36½

1/ October 19.
 2/ November 8.
 3/ December 4.
 4/ All prices on Tuesday of indicated week.
 5/ "Mostly": not entire price range.

Table 5.- Turkeys, N.Y. dressed, fresh; Wholesale quotations, selected classifications, fall, 1950 and 1951 1/

Date	New York			San Francisco	
	8-10 lbs.	14-16 lbs.	22-24 lbs.	Young hens	Young toms
	Cents	Cents	Cents	Cents	Cents
1950					
October 16	55	42-43	35-36	47-48	37-38
November 1	57	43½-44	36-37	46-48	36-38
November 15	57	43-47	36½-38	47-48	37-38
December 1	57	43½-47	38-38½	47-48	37-38
December 15	57	50-51	41½-43	50-51	40-41
1951					
October 15	51-52	46-47	43-44	50-51	48-50
November 1	53½-54	47-48	42-43	53-54	45-48
November 15	53-54	49-50	46-47	56-58	47-50
November 30	51-52	51-52	46½-47	58-60	48-50
December 11	52-53	51-52	46-47	59-60	48-50

1/ Dairy and Poultry Market News Service.Shell Egg Storage Season Ends;November Futures Close Sharply Higher

The cold storage season for 1951 shell eggs has practically ended. There have been steady withdrawals from the 513 thousand cases that were in storage at the beginning of November. Stocks in 35 principal cities were reduced 65 percent between November 3 and December 1, and total U. S. stocks probably also declined in about the same ratio.

The year's peak holdings of 2.4 million cases on July 1 were the second lowest since records were begun in 1916.

This year, eggs taken out of storage early probably returned a moderate profit to their owners, depending upon premiums obtained. But most eggs held into November probably brought less than the same eggs would have sold for earlier in the season, because of the increasing supplies of fresh eggs.

November Egg Futures Close High

An interesting sidelight in egg marketing in November was the pronounced rise in the price of Chicago Mercantile Exchange futures contracts for delivery in that month. As in 2 of the 3 previous years, November egg futures contracts closed at prices significantly higher than the contracts of the months immediately preceding.

On November 9, there were 600 November contracts outstanding, totaling 288 thousand cases. On the same date there were only 70 thousand cases of eggs in storage in Chicago, of which an unknown proportion were deliverable under the contract terms. The price of the contract rose from 51.90 cents per dozen on November 9 to 60.95 cents on November 23, the last date for unlimited trading.

Table 6. Egg futures: Daily closing prices per dozen of selected contracts on the Chicago Mercantile Exchange, selected dates 1951, with comparisons

Description or date of price	Delivery month of contract				
	Sept.	Oct.	Nov.	Dec.	Jan. following
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
	<u>1950 Contracts</u>				
Closing prices	33.90	35.50	48.75	47.35	41.00A
	<u>1951 Contracts</u>				
One week after opening of trading	1/36.75B	1/36.00	2/49.40	3/45.50	4/44.50B
Spring time levels:					
A-Approximate peaks for Feb.-June period (May 5)	55.50	54.56	53.50		
B-Approximate lows for Feb.-June period (Feb. 5)	46.60	46.65			
Last day of trading for Sept. contracts, Sept. 21	52.50	50.75	49.25	46.90B	43.30
Last day of trading for Oct. contracts, Oct. 24		47.25	48.15	48.10	43.10
Last day of trading for Nov. contracts, Nov. 23			60.75	51.05	44.75
Current quotations: Dec. 12				47.40	43.50
	<u>1952 Contracts</u>				
Current quotations: Dec. 12	46.00				

1// November 8, 1951.

2// April 9, 1951.

3// July 27, 1951.

4// September 13, 1951.

Chicken Prices Low, Storage Up;
Turkey Stocks also Larger Than Last Year

Early November storage holdings of poultry were considerably higher than on the same date in 1950. The total was 259 million pounds, against 218 million in 1950. Stocks will continue to rise seasonally. The usual seasonal peaks of monthly holdings are January 1 for chickens and February 1 for turkeys.

At 162 million pounds, the total holdings of chickens ^{1/} were already higher than the season peaks in any other year since 1948. An inducement for further accumulation is the present low price of chickens, and the expectation that the price may rise during the period when storage stocks are normally consumed.

At 23.2 cents on November 15, U. S. average farm prices of chickens were the lowest of the year to date although they were 3 percent above the 22.6 cent price of November 1950. The supply outlook suggests sharply declining marketings of farm chickens in the next few months. The recent increases in broiler placements in the reporting areas will not suffice to hold supplies at the levels of November. November broiler marketings, in general, were made from August chick placements, which amounted to 36.0 million chicks in 7 representative areas. In September and October they were 32.6 each and in November 36. Furthermore, the demand for chicken is likely to rise at a time when fresh supplies will be declining, since marketings of meat animals will be declining seasonally and turkey consumption will fall off after the holidays.

The pattern of marketings of farm chickens this year is probably about in line with last year, when the proportion of the year's marketings fell from 14 percent (by weight) in October, to 7 percent in December. Corresponding percentages for January, February, and March are typically about 4 or 5 percent.

Holdings of frozen turkey at the beginning of November were also above last year, although not by so wide a margin as chickens. The 83.4 million pounds reported were 8 percent above 1950, and almost up to the record for the month of 83.5 million pounds on November 1, 1946.

Holdings of turkeys on November 1 were 59 million pounds above the year's low of 24.8 million pounds on September 1. The accumulation in the same 2 months of 1950 was only 40 million pounds. The difference is partly explained by this year's increase in turkey production, 55 percent over last year for Beltsville Small Whites, and 10 percent for other turkeys. Turkey storage from the 1950 crop was very profitable.

Storage holdings of ducks at the beginning of November were 13.5 million pounds, down slightly from the 14.0 million-pound season peak reached the month before. The November figure is about the same as last year. The revised dollars-and-cents duck price regulation (CPR 79, rev. 1) which is to become fully effective on January 15, 1952, has allowances for month-to-month price increases for frozen ducks during the storage season, to cover the costs of holding.

^{1/} Actually, total storage holdings of all poultry minus turkeys and ducks.

Table 7.- Egg prices as a percentage of parity, 1910 to date

(Data for cover chart)					
Year	Index of prices paid by farmers including interest and taxes	Parity price per dozen 1/ Cents	Transitional parity price, per dozen 2/ Cents	Price received by farmers per dozen 3/ Cents	Farm price as a percentage of parity 4/ Percent
1910.....	96	20.6		22.5	111
1911.....	100	21.5		19.4	90
1912.....	100	21.5		22.0	104
1913.....	102	21.9		21.5	98
1914.....	102	21.9		22.6	104
1910-14 average	100	21.5		21.5	100
1915.....	107	23.0		21.7	94
1916.....	125	26.9		24.7	92
1917.....	148	31.8		34.0	110
1918.....	173	37.2		40.0	108
1919.....	198	42.6		44.7	106
1920.....	202	43.4		47.8	111
1921.....	165	35.5		33.0	91
1922.....	164	35.3		28.1	78
1923.....	167	35.9		29.8	82
1924.....	167	35.9		30.3	83
1925.....	169	36.3		33.7	92
1926.....	167	35.9		31.5	88
1927.....	165	35.5		28.2	78
1928.....	167	35.9		30.3	85
1929.....	165	35.5		32.1	91
1930.....	159	34.2		25.1	74
1931.....	140	30.1		18.6	62
1932.....	124	26.7		16.0	58
1933.....	119	25.6		15.3	59
1934.....	128	27.5		18.4	66
1935.....	128	27.5		24.1	88
1936.....	127	27.3		23.0	84
1937.....	132	28.4		21.7	78
1938.....	126	27.1		21.3	79
1939.....	123	26.4		18.4	70
1940.....	124	26.7		19.1	72
1941.....	131	28.2		25.0	88
1942.....	149	32.0		31.4	99
1943.....	160	34.4		38.7	114
1944.....	168	36.1		33.8	95
1945.....	171	36.8		39.0	107
1946.....	191	41.1		39.2	96
1947.....	230	49.4		46.4	94
1948.....	248	53.3		48.0	90
1949.....	242	52.0		45.5	88
1950.....	250		51.1	36.9	72
1951 5/.....	272		52.6	6/ 48.3	92
January.....	266		51.5	6/ 42.2	82
February.....	267		51.7	6/ 46.5	90
March.....	271		52.5	6/ 50.2	96
April.....	272		52.6	6/ 49.5	94
May.....	273		52.8	6/ 52.0	98
June.....	274		53.0	6/ 49.7	94
July.....	273		52.8	6/ 48.0	91
August.....	273		52.8	6/ 48.3	91
September.....	273		52.8	6/ 49.1	93
October.....	274		53.0	6/ 47.1	89
November.....	275		53.2	6/ 48.3	91
1952 7/.....					

1/ Index of prices paid, including interest and taxes, times base price of 21.5 cents per dozen, except after 1949. 2/ For 1950, 95 percent of the parity price as previously computed; for 1951, 90 percent. 3/ Simple average of monthly prices. 4/ Simple average of monthly prices as a percentage of parity. 5/ Average, 11 months. 6/ Seasonally adjusted. 7/ The parity price for 1952 will again be the transitional parity which for 1952 will be equal to 85 percent of the "old" computation.

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